Through Watergate

The Hughes Connection: Showdown in Vegas

By Carl Oglesby

(Second of a series. In Part I of The Hughes Connection, Oglesby traced Hughes' unsuccessful struggle against powerful Eastern banking forces to maintain possession of what was once his airline, TWA. After his divestment, he moved to Las Vegas and began to rebuild.)

When he first made permanent camp in Las Vegas in 1966, Hughes appears to have had the willing cooperation of the syndicate types who created and controlled the Strip. Moe Dalitz of the infamous Mayfield Road mob out of Cleveland, for example, sold him his first property, the Desert Inn, and appears to have given him and his Nevada operations chief, Robert Maheu, considerable assistance in the first years when Hughes was still learning how to move in the negative fairyland of bigtime tourist gambling. On balance, the syndicate might have seen his presence in Vegas as worth the added competition. He gave the town and gambling itself a patina of legitimacy that no doubt made it an easier place for Middle Americans to come and play at. And anyway, how could anybody in Las Vegas argue with $486 million cash?

Through Maheu and Maheu's friend Hank Greenspun, the editor of the Las Vegas *Sun*, Hughes was making it clear that he saw his inroads into the holdings of the syndicate in Las Vegas as the right way to fight organized crime. Moreover, Maheu was making this argument in the nation's capital and sweetening it with little fortunes in loose change, like the $100,000 that the courier Richard Danner conveyed to Nixon's man Bebe Rebozo in 1969 and 1970.

The plot thickens before our eyes when we remember that Nixon himself, from the very onset of his political career in 1942 as the OPA's rubber-rationing man in Florida, has been the friend certainly and perhaps the man outright of the Lansky syndicate. His syndicate connections are of course not positive. The indications are that he was groomed for his political role, and that there was therefore a sustained effort to keep him clean-looking. But Rebozo shows direct and significant links to the syndicate which have been documented time and again even in the straight media. We think off hand of his tie to George Smathers, to the Cuban exile community, to Al "The Owl" Poliz, and of the doings of his Key Biscayne Bank as a laundry and conduit for syndicate-connected funds. And besides Rebozo, other important friends and backers of Nixon (for example, San Diego's now toppled C. Arnholt Smith) have long been associated with syndicate figures and forces on the West Coast and along the syndicate axis running through Orange County to Vegas to Miami to the Bahamas to numbered accounts in Swiss banking houses the likes of Vesco's Investors Overseas Ltd.

Spending Like Crazy

So here is Hughes spending money like crazy in Washington and elsewhere to purchase Nixon's favors in projects that bring him into increasingly sharper conflict with the Lansky syndicate. The simplest way to see it is to imagine first that Nixon reports to a secret board of directors whose individual members represent the forces in whose behalf he governs the country; second, that Hughes interests and syndicate interests were both represented on this board; and third, that when the period of cooperation between Hughes and the syndicate ran out, and the two forces began moving toward unnegotiable conflicts of interest, this posed a problem for Nixon which he could not possibly ignore.

The Hughes-syndicate conflict came to a head late in 1970 in an event too tangled to be easily laid bare. Remembering that the distant background is dominated by Hughes' fight with the Yankees and that the foreground is dominated by his fight with the syndicate — two fully corporatized forces — we can single out the following moves, movers, and motives in what I think must surely be the heaviest business-and-politics mystery trip of the century so far, the Thanksgiving 1970 coup of the Hughes empire.

1. We have mentioned that Hughes' number one man in Vegas was Robert Maheu. Maheu had been with Hughes since about 1957, but he did not go to the top of the power group until Hughes went to Vegas and made him chief of the Nevada operations. The more power Hughes acquired in Nevada, the more important his Nevada operations became in the overall empire (whose main capitals then were Houston and LA) — and the more influential Maheu became. From various documents that have since come to light, it seems that Maheu was always sensitive to the feelings of the Houston-LA power group, the Toolco board of directors, about his emergence as a power in the empire. He appears to have avoided coming into conflict with them as long as possible. But conflict of some kind became unavoidable when, in Maheu's version of what happened, Hughes told him to take over the TWA case and see what could be done with it.

Litigation around TWA's damages suit of some $150 million was still in process. Hughes was dissatisfied with Toolco's handling of the case, and particularly with the chief attorney, Chester Davis. Now he wanted new blood and a fresh approach. Maheu was nervous about taking on the TWA job because he knew it would throw him into conflict with the Houston and LA group. He tried for a while to ignore Hughes' order. Finally he was forced to take it up.

2. Maheu went directly to four blue-chip lawfirms in New York, Washington, and Los Angeles for advice on what Hughes should do, if anything could be done, to fight back on the TWA case. Each firm told him, for a fee, the same thing — basically, that the first task was to get another ballgame going. How can you win a ballgame without a ballgame to play? And the straightforward, time-honored, and fairly workable means of doing that was to go to court with some new faces and say in effect that your side lost before because the lawyer failed to make the right arguments. If the court agreed, the case could be reopened. This is the strategy that Maheu embarked upon.

3. In early November 1970, Maheu sent a wire to his then friend Chester Davis telling him that while Maheu had not the least intention of removing him as Toolco's chief counsel, and in fact did not even imagine that he had the power to do such a thing, it nevertheless would be necessary for Davis to get off the TWA case. How could the Hughes side argue for a new hearing on the grounds that its former lawyer had bungled the issues if that same former lawyer was still arguing the case?

4. Davis took unkindly to this move, however, and answered his ex-friend Maheu, in strong language, that he should stop interfering with the TWA case, which was nothing to him, and stick to the casino business.

5. Maheu answered back in like language and the fight was on.

6. Soon thereafter the Toolco board of directors, led by Davis, approached Hughes through the only people who ever actually see him, the so-called Big Five, or less politely, the Mormon Mafia — Mormon because that's what most of them are and because their sergeant, Howard Eckersley of Salt Lake City, and their recruiter and captain, Bill Gay of LA and Toolco, are elders of the Mormon church. The story given out is that Hughes prefers Mormons as his combination nurses, secretaries

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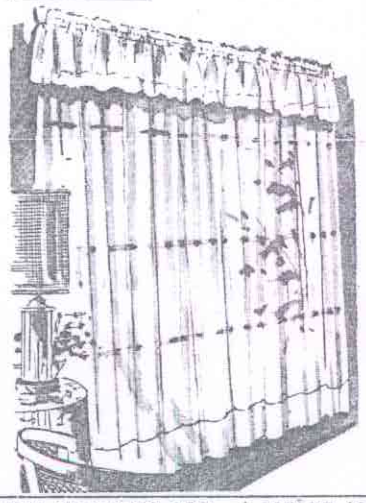

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Hughes

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and bodyguards because they don't smoke or drink and are presumably placed above the temptations of the flesh by their strict religious training. It is not so often mentioned that the Mormons are an apocalyptic sect in this strict sense, that they think the world is coming to a firey end, maybe soon — which adds a certain poignancy to their apparent emergence as an increasingly powerful force in national politics.

Eckersley, who reappears in the story at an interesting bend a bit further on, on the bidding of the Toolco directors and Davis, is now supposed to have gone inside to Hughes himself, the man, with a one-line statement which effectively made Davis and his group the surpeme trustees of the Hughes empire in its entirety, including Maheu's domain, the Nevada operations. Eckersley notorized and another Mormon witnessed Hughes' signature. The proxy was then — so it is said — deposited in Ekersley's bank vault in Salt Lake City.

7. On November 25, 1970, precisely four years to the day of his coming to Vegas, Hughes went or was taken out the back door of the Desert Inn and flown off to the syndicate's Britannica Beach Hotel in the Bahamas. Maheu did not learn about this for several days. The regular security guards around Hughes spent the whole time staring dutifully at the closed-circuit tv screens with which they monitored what they thought were all the ways in and out. The word of Hughes' departure came first to *Sun* editor Greenspun from a syndicate contact he had kept lubricated in the staff of the Desert Inn. Greenspun then called the news to Maheu. Maheu was staggered. He got the sheriff and broke down the doors of the ninth floor penthouse and found it indeed empty.

8. With a small army of Intertel agents, and with Bill Gay of the throne-room guard and another Toolco director by his side, Davis moved dramatically into the Hughes casinos and hotels and announced that he and his were the new management and that Maheu was no more. In a complicated and violent legal struggle, Davis and Maheu contended mightily against each other for about two weeks with suit and countersuit, each claiming to speak for the real Hughes, whom Davis claimed the November 13 proxy put in his corner if not pocket, and whom Maheu and Greenspun claimed must have been kidnapped. The issue was finally settled in favor of the Davis-Toolco group, mainly because of the Eckersley proxy and a phone call that Hughes is supposed to have put through to then-Governor Paul Laxalt. Laxalt said that it was definitely Hughes he had talked to on the phone, or at least the same fake that he had talked to on the phone before, and that Hughes told him unambiguously that Davis was his man and Maheu was not.

In the aftermath, the Hughes empire was swiftly and radically restructured into the Summa Corporation. The moves here were of course complicated. But what the change amounted to was that the Hughes empire had finally been transformed into a conglomerate of fully modern publicly traded corporations and was no longer the private thing of the eccentric billionaire who created them.

(Next: An interpretation of the Vegas showdown in light of Watergate.)